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OPEN MEETING ITEM

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MATTHEW J. NEUBERT
DIRECTOR

SECURITIES DIVISION
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JODI JERICH
EXECUTIVE DIRECTOR

ARIZONA CORPORATION COMMISSION
AZ CORP COMMISSION
DOCKET CONTROL

ORIGINAL

MEMORANDUM

Arizona Corporation Commission
DOCKETED

MAY 27 2014

DOCKETED BY

TO: Bob Stump, Chairman
Gary Pierce
Brenda Burns
Bob Burns
Susan Bitter Smith

FROM: Matthew J. Neubert
Director of Securities

DATE: May 27, 2014

RE: Order to Cease and Desist, for Restitution, for Administrative Penalties and Consent to Same By: Respondents Monika Catlin, Damopa Investments, LLC, and Monika Catlin, LLC
Docket No. S-20903A-13-0473

CC: Jodi Jerich, Executive Director

Attached is a proposed Order to Cease and Desist, for Restitution, for Administrative Penalties and Consent to Same By: Respondents Monika Catlin, Damopa Investments, LLC, and Monika Catlin, LLC ("Order"). The Order requires Respondents Monika Catlin, Damopa Investments, LLC, and Monika Catlin, LLC to cease and desist from violating the Securities Act. The Order further requires Respondents to pay total restitution in the amount of \$787,026.96 and an administrative penalty in the amount of \$50,000.00.

The Order finds that during various periods between December 2006 and August 2009, Respondents offered and sold note investments involving real estate issued by Monika Catlin, the MLC Living Trust Dated 3-17-99, Damopa Investments, LLC, and Monika Catlin, LLC. Respondents were not registered as securities salesmen or dealers, nor have the investments they offered and sold been registered with the Commission.

The Order finds that Respondents violated A.R.S. §§ 44-1841 and 44-1842 by selling unregistered securities while being unregistered. In addition, the Order finds that Respondents violated A.R.S. §44-1991(A).

The Division believes that the Order is appropriate to protect the public welfare.

Originator: Stacy Luedtke

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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

BOB STUMP, Chairman
GARY PIERCE
BRENDA BURNS
BOB BURNS
SUSAN BITTER SMITH

In the matter of:)	DOCKET NO. S-20903A-13-0473
MONIKA CATLIN, an unmarried woman,)	
MONIKA CATLIN, as Trustee of MLC)	DECISION NO. _____
LIVING TRUST DATED 3-17-1999,)	
DAMOPA INVESTMENTS, LLC, an)	ORDER TO CEASE AND DESIST, ORDER
Arizona limited liability company,)	FOR RESTITUTION, ORDER FOR
MONIKA CATLIN, LLC, an Arizona)	ADMINISTRATIVE PENALTIES AND
limited liability company;)	CONSENT TO SAME
Respondents.)	BY: RESPONDENTS MONIKA CATLIN,
)	DAMOPA INVESTMENTS, LLC, AND
)	MONIKA CATLIN, LLC

Respondents Monika Catlin, individually and as Trustee of the MLC Living Trust Dated 3-17-99, Damopa Investments, LLC, and Monika Catlin, LLC (collectively "Respondents") elect to permanently waive any right to a hearing and appeal under Articles 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act") with respect to this Order To Cease And Desist, Order for Restitution, Order for Administrative Penalties and Consent to Same ("Order"). Respondents admit the jurisdiction of the Arizona Corporation Commission ("Commission"); neither admit nor deny the Findings of Fact and Conclusions of Law contained in this Order; and consent to the entry of this Order by the Commission.

I.

FINDINGS OF FACT

1. MONIKA CATLIN ("Catlin") has been at all relevant times a resident of the state of Arizona. Catlin has not been registered by the Commission as a securities salesman or dealer.

1 2. MONIKA CATLIN has been at all relevant times the Trustee of the MLC LIVING
2 TRUST DATED 3-17-99 (“MLC Trust”). MLC Trust has not been registered by the Commission
3 as a securities salesman or dealer.

4 3. DAMOPA INVESTMENTS, LLC (“Damopa”), has been at all relevant times a
5 limited liability company organized under the laws of the state of Arizona in February 2002.
6 Damopa has not been registered by the Commission as a securities salesman or dealer.

7 4. MONIKA CATLIN, LLC (“MC, LLC”), has been at all relevant times a limited
8 liability company organized under the laws of the state of Arizona in April 1999. MC, LLC has not
9 been registered by the Commission as a securities salesman or dealer.

10 5. At all relevant times, Catlin has been the manager of DAMOPA INVESTMENTS,
11 LLC and MONIKA CATLIN, LLC, either directly or through her trust in which she is Trustee,
12 MLC Trust.

13 6. At all relevant times, Damopa and MC, LLC have been manager-managed limited
14 liability companies.

15 7. At all relevant times, Catlin has been a signatory of Damopa, and MC, LLC’s bank
16 accounts.

17 8. For all notes and deeds of trust referenced herein, Catlin was a signatory for the
18 issuer.

19 9. Catlin is and has been a licensed real estate agent in Arizona since 1973.

20 10. From approximately December 2006 through August 2009 Catlin individually, or as
21 Trustee of the MLC Trust offered and sold notes in and from Arizona totaling at least \$452,270.15.

22 11. From approximately June 2007 through February 2008, Damopa offered and sold
23 notes in and from Arizona totaling at least \$370,000.

24 12. In approximately October 2007, MC, LLC offered and sold notes in and from
25 Arizona totaling at least \$45,000.

26

1 32. The July 2007 note required Damopa to pay Investor 3 the full principal and interest
2 in approximately a year and a half, and accrued interest at 10% per annum.

3 33. Damopa, through Catlin, represented to Investor 3 that the July 2007 investment
4 would be secured by certain real property, that Investor 3's security interest would be in first lien
5 position.

6 34. Although Damopa designated certain real property to secure Investor 3's July 2007
7 note, issued a deed of trust on the same date, and ultimately recorded the deed of trust, the deed of
8 trust was not recorded until January 2008, and Investor 3 was unsecured for nearly six months.

9 35. During the time period after Investor 3's July 2007 note was executed the deed of
10 trust was issued, Damopa allowed two intervening deeds of trust securitizing bank loans totaling at
11 least approximately \$750,000.00 to encumber the property.

12 36. At the time Damopa ultimately recorded Investor 3's deed of trust on the property,
13 the property securitizing the investment was already encumbered, and Investor 3 did not have a first
14 lien position.

15 37. On or about October 2007, Catlin offered and sold a note investment issued by MC,
16 LLC to Investor 3 for \$45,000.

17 38. The October 2007 note investment to Investor 3 was executed by Catlin as manager
18 of MC, LLC.

19 39. The October 2007 note required MC, LLC to pay Investor 3 the full principal and
20 interest in approximately one year, and accrued interest at 9% per annum.

21 40. MC, LLC, through Catlin, represented to Investor 3 that the October 2007
22 investment would be secured by certain real property, that Investor 3's security interest would be in
23 first lien position, and recorded a deed of trust in favor of Investor 3.

24 41. At the time Investor 3 invested in October 2007 and the deed of trust was recorded,
25 the property securitizing the investment was already encumbered, and Investor 3 did not have a first
26 lien position.

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Investor 4

42. In February 2008, Damopa, through Catlin, offered and sold a note investment to an investor for \$200,000 (“Investor 4”).

43. The February 2008 note investment to Investor 4 was executed by Catlin as manager of Damopa.

44. The February 2008 note required Damopa to pay Investor 4 monthly interest only payments at 8% per annum for approximately one year, with the principal payment due at the end of the loan term.

45. Damopa, through Catlin, represented to Investor 4 that the February 2008 investment would be secured by certain real property, that Investor 4’s security interest would be in second lien position, behind only a \$275,000 deed of trust recorded against the property.

46. Although Damopa designated certain real property to secure Investor 4’s February 2008 note, issued a deed of trust on the same date, and ultimately recorded the deed of trust, the deed of trust was not recorded until January 2009, and Investor 4 was unsecured for approximately 11 months.

47. During the time period after Investor 4’s February 2008 note was executed and the deed of trust was issued, Damopa allowed another intervening deed of trust securitizing a bank loan totaling at least approximately \$785,000.00 to encumber the property.

48. At the time Damopa ultimately recorded Investor 4’s deed of trust on the property in January 2009, the property securitizing the investment was already encumbered with more than one deed of trust, which substantially exceeded \$275,000 in total, and Investor 4 did not have a second lien position.

49. Investor 4 has only been repaid approximately \$54,158.97 on his investments.

Investor 5

50. In June 2007, Damopa offered and sold a note investment to an investor for \$70,000 (“Investor 5”).

1 IT IS FURTHER ORDERED that Respondents comply with the attached Consent to Entry
2 of Order.

3 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that Respondent Monika
4 Catlin, individually and as Trustee of the MLC Living Trust Dated 3-17-99 is liable under Docket
5 No. S-20903A-13-0473 to pay restitution to the Commission in the principal amount of
6 \$438,948.85 as a result of the conduct set forth in the Findings of Fact and Conclusions of Law.
7 Payment is due in full on the date of this Order. Payment shall be made to the "State of Arizona" to
8 be placed in an interest-bearing account controlled by the Commission. Any principal amount
9 outstanding shall accrue interest at a rate of 5% from the date of Order until paid in full.

10 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that Respondents Damopa
11 Investments, LLC and Monika Catlin are liable under Docket No. S-20903A-13-0473 to jointly and
12 severally pay restitution to the Commission in the principal amount of \$303,078.11 as a result of
13 the conduct set forth in the Findings of Fact and Conclusions of Law. Payment is due in full on the
14 date of this Order. Payment shall be made to the "State of Arizona" to be placed in an interest-
15 bearing account controlled by the Commission. Any principal amount outstanding shall accrue
16 interest at a rate of 5% from the date of Order until paid in full.

17 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that Respondents Monika
18 Catlin, LLC and Monika Catlin are liable under Docket No. S-20903A-13-0473 to jointly and
19 severally pay restitution to the Commission in the principal amount of \$45,000.00 as a result of the
20 conduct set forth in the Findings of Fact and Conclusions of Law. Payment is due in full on the
21 date of this Order. Payment shall be made to the "State of Arizona" to be placed in an interest-
22 bearing account controlled by the Commission. Any principal amount outstanding shall accrue
23 interest at a rate of 5% from the date of Order until paid in full.

24 The Commission shall disburse the funds on a pro-rata basis to investors shown on the
25 records of the Commission. Any restitution funds that the Commission cannot disburse because an
26 investor refuses to accept such payment, or any restitution funds that cannot be disbursed to an

1 investor because the investor is deceased and the Commission cannot reasonably identify and
2 locate the deceased investor's spouse or natural children surviving at the time of the distribution,
3 shall be disbursed on a pro-rata basis to the remaining investors shown on the records of the
4 Commission. Any funds that the Commission determines it is unable to or cannot feasibly disburse
5 shall be transferred to the general fund of the state of Arizona.

6 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that Respondents Monika
7 Catlin, individually and as Trustee of the MLC Living Trust Dated 3-17-99, Damopa Investments,
8 LLC, and Monika Catlin, LLC, are liable under Docket No. S-20903A-13-0473 to jointly and
9 severally pay an administrative penalty in the amount of \$50,000 as a result of the conduct set forth
10 in the Findings of Fact and Conclusions of Law. Payment is due in full on the date of this Order.
11 Payment shall be made to the "State of Arizona." Any amount outstanding shall accrue interest as
12 allowed by law.

13 IT IS FURTHER ORDERED that payments received by the state of Arizona shall first be
14 applied to the restitution obligation. Upon payment in full of the restitution obligation, payments
15 shall be applied to the penalty obligation.

16 For purposes of this Order, any bankruptcy filing by any Respondent after the date
17 Respondents sign this Consent shall be an act of default. If any Respondent does not comply with
18 this Order, any outstanding balance may be deemed in default and shall be immediately due and
19 payable.

20 IT IS FURTHER ORDERED that the restitution ordered hereunder shall be subject to legal
21 set-off pursuant to A.A.C. R14-4-308(C).

22 IT IS FURTHER ORDERED, that if any Respondent fails to comply with this order, the
23 Commission may bring further legal proceedings against that Respondent, including application to
24 the superior court for an order of contempt.

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IT IS FURTHER ORDERED that this Order shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, JODI JERICH, Executive Director of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this _____ day of _____, _____.

JODI JERICH
EXECUTIVE DIRECTOR

DISSENT

DISSENT

This document is available in alternative formats by contacting Shaylin A. Bernal, ADA Coordinator, voice phone number 602-542-3931, e-mail sabernal@azcc.gov.

(SLL)

CONSENT TO ENTRY OF ORDER

1
2 1. Respondents admit the jurisdiction of the Commission over the subject matter of this
3 proceeding. Respondents acknowledge that Respondents have been fully advised of Respondents'
4 right to a hearing to present evidence and call witnesses and Respondents knowingly and
5 voluntarily waive any and all rights to a hearing before the Commission and all other rights
6 otherwise available under Article 11 of the Securities Act and Title 14 of the Arizona
7 Administrative Code. Respondents acknowledge that this Order To Cease And Desist, Order for
8 Restitution, Order for Administrative Penalties and Consent to Same ("Order") constitutes a valid
9 final order of the Commission.

10 2. Respondents knowingly and voluntarily waive any right under Article 12 of the
11 Securities Act to judicial review by any court by way of suit, appeal, or extraordinary relief
12 resulting from the entry of this Order.

13 3. Respondents acknowledge and agree that this Order is entered into freely and
14 voluntarily and that no promise was made or coercion used to induce such entry.

15 4. Respondents acknowledge that Respondents have been represented by an attorney in
16 this matter, Respondents have reviewed this Order with Respondents' attorney, Jeff Whitley, and
17 understands all terms it contains. Respondents acknowledge that their attorney has apprised them
18 of their rights regarding any conflicts of interest arising from dual representation. Respondents
19 acknowledge that they have each given their informed consent to such representation.

20 5. Respondents neither admit nor deny the Findings of Fact and Conclusions of Law
21 contained in this Order. By consenting to the entry of this Order, Respondents agree not to take
22 any action or to make, or permit to be made, any public statement denying, directly or indirectly,
23 any Finding of Fact or Conclusion of Law in this Order or creating the impression that this Order is
24 without factual basis. Respondents will undertake steps necessary to assure that all of
25 Respondents' agents and employees understand and comply with this agreement. Respondents
26 further agree that Respondents shall not deny or contest the Findings of Fact and Conclusions of

1 Law contained in this Order in any present or future: (a) bankruptcy proceeding, or (b) non-
2 criminal proceeding in which the Commission or any other state agency is a party (collectively,
3 "proceeding(s)"). Respondents further agree that in any such proceeding(s), the Findings of Fact
4 and Conclusions of Law contained in this Order may be taken as true and correct and that this
5 Order shall collaterally estop Respondents from re-litigating with the Commission or any other
6 state agency, in any forum, the accuracy of the Findings of Fact and Conclusions of Law contained
7 in this Order.

8 6. While this Order settles this administrative matter between Respondents and the
9 Commission, Respondents understand that this Order does not preclude the Commission from
10 instituting other administrative or civil proceedings based on violations that are not addressed by
11 this Order.

12 7. Respondents understand that this Order does not preclude the Commission from
13 referring this matter to any governmental agency for administrative, civil, or criminal proceedings
14 that may be related to the matters addressed by this Order.

15 8. Respondents understand that this Order does not preclude any other agency or
16 officer of the state of Arizona or its subdivisions from instituting administrative, civil, or criminal
17 proceedings that may be related to matters addressed by this Order.

18 9. Respondents agree that Respondents will not apply to the state of Arizona for
19 registration as securities dealers or salesmen or for licensure as investment advisers or investment
20 adviser representatives until such time as all restitution and penalties under this Order are paid in
21 full.

22 10. Respondents agree that Respondents will not exercise any control over any entity
23 that offers or sells securities or provides investment advisory services within or from Arizona until
24 such time as all restitution and penalties under this Order are paid in full.

25 11. Respondents consent to the entry of this Order and agree to be fully bound by its
26 terms and conditions.

1 12. Respondents acknowledge and understand that if Respondents fail to comply with
2 the provisions of the order and this consent, the Commission may bring further legal proceedings
3 against Respondents, including application to the superior court for an order of contempt.

4 13. Respondents understand that default shall render Respondents liable to the
5 Commission for its costs of collection and interest at the maximum legal rate.

6 14. Respondents agree and understand that if Respondents fail to make any payment as
7 required in the Order, any outstanding balance shall be in default and shall be immediately due and
8 payable without notice or demand. Respondents agree and understand that acceptance of any
9 partial or late payment by the Commission is not a waiver of default by the Commission.

10 15. Monika Catlin represents that she is manager of Damopa Investments, LLC and has
11 been authorized by Damopa Investments, LLC to enter into this Order for and on behalf of it.

12 16. Monika Catlin represents that she is trustee of MLC LIVING TRUST DATED 3-17-
13 99 and is authorized to enter into this Order for and on behalf of the MLC LIVING TRUST
14 DATED 3-17-99.

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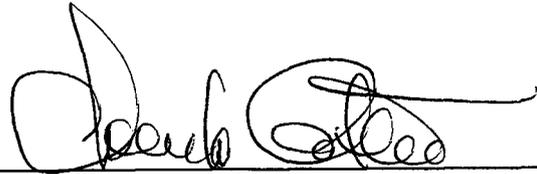
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1 17. Monika Catlin represents that MLC LIVING TRUST DATED 3-17-99 is manager
2 of Monika Catlin, LLC and that Monika Catlin as the trustee of MLC LIVING TRUST DATED 3-
3 17-99 has been authorized by Monika Catlin, LLC to enter into this Order for and on behalf of the
4 MLC LIVING TRUST DATED 3-17-99.

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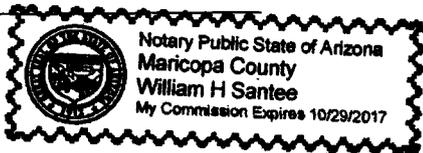
7 Monika Catlin, Individually and as trustee of
8 MLC LIVING TRUST DATED 3-17-99

9 STATE OF ARIZONA)
10 County of) ss)

11 SUBSCRIBED AND SWORN TO BEFORE me this 27th day of MAY,

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14 NOTARY PUBLIC

15 My commission expires:



17 Damopa Investments, LLC

18 By 

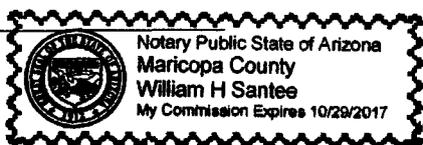
19 Its Manager

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21 STATE OF ARIZONA)
22 County of) ss)

23 SUBSCRIBED AND SWORN TO BEFORE me this 27th day of MAY,

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25 NOTARY PUBLIC

26 My commission expires:



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Monika Catlin, LLC

By MLC LIVING TRUST DATED 3-17-99, Manager, by Monika Catlin, trustee

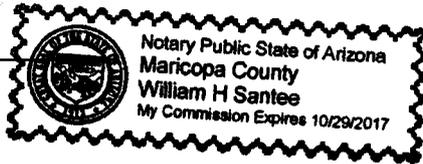
Monika Catlin

STATE OF ARIZONA)
) ss
County of)

SUBSCRIBED AND SWORN TO BEFORE me this 27th day of MAY,

W. H. Santee
NOTARY PUBLIC

My commission expires:



SERVICE LIST FOR: Monika Catlin, et al.

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Jeff Whitley
 17550 N. Perimeter Dr., Suite 130
 Scottsdale, AZ 85255
Attorney for Respondents

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 COMMISSIONERS

3 BOB STUMP, Chairman
4 GARY PIERCE
5 BRENDA BURNS
6 BOB BURNS
7 SUSAN BITTER SMITH

8 In the matter of:)

9 MONIKA CATLIN, an unmarried woman,)
10 MONIKA CATLIN, as Trustee of MLC)
11 LIVING TRUST DATED 3-17-1999,)
12 DAMOPA INVESTMENTS, LLC, an)
13 Arizona limited liability company,)
14 MONIKA CATLIN, LLC, an Arizona)
15 limited liability company;)

16 Respondents.)

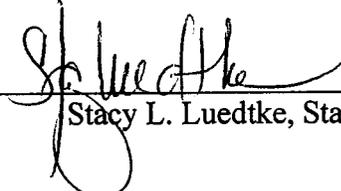
17 DOCKET NO. S-20903A-13-0473

18 DECISION NO. _____

19 **NOTICE OF FILING OF PROPOSED OPEN**
20 **MEETING AGENDA ITEM**

21 Pursuant to A.A.C. R14-4-303, you are hereby notified that the attached: Order to Cease
22 and Desist, for Restitution, for Administrative Penalties and Consent to Same By: Respondents
23 Monika Catlin, Damopa Investments, LLC, and Monika Catlin, LLC was filed with the Arizona
24 Corporation Commission's Docket Control.

25 Dated: 5/27/14

26 By: 
Stacy L. Luedtke, Staff Attorney

I hereby certify that I have this day served the foregoing document on all parties of record in this proceeding by mailing a copy thereof, properly addressed with first class postage prepaid to:

Jeff Whitley
17550 N. Perimeter Dr., Suite 130
Scottsdale, AZ 85255
Attorney for Respondents

Dated: 5/27/14

By: 
Emie R. Bridges, Executive Assistant